

INTANGIBLE PERSONAL PROPERTY

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE INTANGIBLE PERSONAL PROPERTY EXEMPTION, REVISING THE UNIT VALUE METHOD OF VALUING CENTRALLY ASSESSED AND INDUSTRIAL PROPERTIES; PROVIDING FOR THE REMOVAL OF THE VALUE OF INTANGIBLE PERSONAL PROPERTY FROM THE UNIT VALUATION OF CENTRALLY ASSESSED AND INDUSTRIAL PROPERTIES; AND REQUIRING NEGOTIATED RULE MAKING TO ESTABLISH DEFAULT VALUES FOR INTANGIBLE PERSONAL PROPERTY.

TO BE ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 15-6-218, MCA, is amended to read:

15-6-218. Intangible personal property exemption. (1) Intangible personal property is exempt from taxation and the value of such property must be removed from the unit value of centrally assessed and industrial properties.

(2) The value of the intangible personal property will be removed from the final determination of the unit value after the application of all valuation methods used by the Department to establish unit value.

(3) For the purposes of this section, "Intangible personal property" means personal property that is not tangible personal property and that:

(a) has no intrinsic value, but is representative or evidence of value, including but not limited to certificates of stock, bonds, promissory notes, licenses, copyrights, patents, trademarks, contracts, software, and franchises; of

(b) has intrinsic value, but lacks physical existence, including but not limited to goodwill.

(4) The value of intangible personal property that must be removed from the taxpayer's unit value must be the greatest of:

(a) the asset value of the taxpayer's intangible personal property as reflected on the books and records of the taxpayer, using generally accepted accounting practices, as of the date of valuation, for taxpayers filing financial statements with the United States Securities and Exchange Commission, the value of goodwill that must be removed shall be equal to the asset value reported on the balance sheet of the most recent financial statement filed prior to January 1 of the year of assessment.

(b) the market value of the intangible property determined by the Department ;or

(c) the default percentage of unit value established by the Department through the negotiated rule making process under the Montana Negotiated Rule Making Act, Title 2, chapter 5, part 1, to be completed before January 1, 2018.